

LCQ6: Financial planning of elderly persons

Following is a question by Dr the Hon Tan Yueheng and a reply by the Secretary for Financial Services and the Treasury, Mr Christopher Hui, in the Legislative Council today (November 27):

Question:

The Chief Executive has proposed in the 2024 Policy Address to set up a Working Group on Promoting Silver Economy, and one of its five areas of work is to enhance silver financial and security arrangements. In this connection, will the Government inform this Council:

(1) of the implementation of the various schemes under the "Retire 3" (i.e. the HKMC Annuity Plan, the Reverse Mortgage Programme and the Policy Reverse Mortgage Programme) operated by The Hong Kong Mortgage Corporation Limited, which is wholly owned by the Government through the Exchange Fund, including the respective numbers of participating elderly persons;

(2) of the measures currently put in place by the Government, in addition to the Retire 3, to assist elderly persons in making arrangements for retirement financial security and planning, as well as to enhance the financial planning and management capabilities of elderly persons; and

(3) whether it will formulate a roadmap in the future to gradually improve measures for meeting the financial security and management needs of elderly persons from various classes; if so, of its plans; if not, the reasons for that?

Reply:

President,

The Chief Executive announced in the 2024 Policy Address the setting up of the Working Group on Promoting Silver Economy, which will implement measures in five areas, including the promotion of "silver financial and security arrangements", thereby assisting the elderly in making suitable financial arrangements and strengthening retirement protection. The Working Group held the first meeting in early November to examine the initial work directions of bureaux concerned under the five areas, and discuss ways to strengthen collaboration among relevant bureaux and departments to build a silver-friendly community in concerted efforts and accelerate the development of silver economy.

My reply to the question raised by the Dr Hon Tan Yueheng is as follows:

(1) One of the missions of The Hong Kong Mortgage Corporation Limited (HKMC)

is to promote the development of the retirement planning market. In mid-2021, the "HKMC Retire 3" brand was launched to promote the HKMC Annuity Plan, the Reverse Mortgage Programme (RMP) and the Policy Reverse Mortgage Programme (PRMP). These three products share the common feature of providing retirees with immediate, stable and lifelong income. Their implementation progress is set out below:

(a) The HKMC Annuity Plan enables customers to turn their savings into lifelong monthly annuity income. Since its launch in 2018 up to end-October 2024, the HKMC Annuity Plan had acquired nearly 20 000 customers with total subscription at approximately \$18 billion. In the first ten months of 2024, the HKMC Annuity Plan received over 6 500 applications, representing a year-on-year increase of almost three times, with total subscription exceeding \$3.3 billion, marking a year-on-year increase of 1.5 times.

(b) The RMP helps homeowners release the value of their residential properties, so that they can receive monthly income and stay in the properties for the rest of their lives. Since its launch in 2011 up to end-October 2024, the RMP had received 7 837 applications with an average monthly payout of \$16,700. In the first ten months of 2024, the RMP received 859 new applications, representing a year-on-year increase of 45 per cent.

(c) The PRMP enables borrowers to use their life insurance policies as collaterals, so that they can receive lifelong payouts. Since its launch in 2019 up to end-October 2024, the PRMP had received 124 applications with an average monthly payout of around \$2,700. In the first ten months of 2024, the PRMP received 35 applications.

(2) The Government has been working closely with relevant regulators to enhance the elderly's understanding of retirement planning. We, together with the Securities and Futures Commission and its subsidiary, the Investor and Financial Education Council (IFEC), conduct investor education through various means and channels (including public activities, community outreach, social media platforms, etc.) to enhance the public's financial literacy. The IFEC's website provides information on different investment tools and diverse digital financial management tools for free public use. Meanwhile, financial planning for retirement should begin during working years. Therefore, the IFEC's education foci for working adults cover "saving more for retirement" and "selecting suitable financial products". With the introduction of the "Retirement Planning Toolkit" and "Retirement Planner" calculator, etc., the IFEC assists working adults in assessing readiness for retirement and setting retirement goals and action plans.

In respect of investor education for the elderly, the IFEC's education foci include "selecting suitable financial products", "making the most of retirement savings", "building resilience against financial adversities" and "anti-financial scam". In particular, the IFEC endeavours to enhance the elderly's digital financial literacy and capabilities in detecting financial scams, while alerting investors to the risks and opportunities in respect of digital financial management. For example, the IFEC has introduced the first-ever anti-financial-scam educational scheme designed for the elderly. Through

interactive game provided by the scheme, the elderly can learn how to identify and prevent falling prey to financial scams. The IFEC has also launched from March this year the first digital experiential "IFEC FinEd Hub" which provides free immersive learning experiences for the elderly to enhance their fraud prevention awareness.

The HKMC is also committed to enhancing public financial literacy. Through collaboration with various organisations in arranging the launch of educational videos, seminars, exhibitions, loyalty programmes etc., the HKMC provides information on the concepts of longevity risk and retirement financial planning to assist the elderly in making suitable financial arrangements.

(3) The IFEC has formulated the Financial Literacy Strategy, targeting the Hong Kong public, with the elderly identified as a core segment. The IFEC has been devoting resources to assist the elderly in managing and protecting their retirement savings, based on three main themes concerning the elderly's behaviours, namely "making the most of limited income", "building resilience against financial adversities" and "selecting suitable financial products". During the annual territory-wide financial education campaign "Hong Kong Money Month" held in March this year, the IFEC collaborated with stakeholders from different sectors to conduct multiple seminars and activities for the elderly and pre-retirees with an aim to enhance their financial literacy. The IFEC will continue to provide fresh investor education experiences and step up its partnerships with stakeholders such as social welfare organisations in catering for the elderly's financial management needs. At the same time, we understand that elders from different walks of life have different needs. Therefore, we will continue to maintain communication with relevant organisations and stakeholders, organise various activities, and strengthen information provision, with a view to enhancing the awareness of the elderly and pre-retirees of retirement preparation.

Thank you, President.